

TO: Members of the Iowa Senate and  
Members of the Iowa House of Representatives

FROM: Jeff Robinson and Robin Madison

DATE: December 1, 2014

### Monthly General Fund Receipts through November 30, 2014

The attached spreadsheet presents FY 2015 General Fund total net receipts with comparable figures for actual FY 2014. The figures can be compared to the FY 2015 estimate of \$6.721 billion set by the Revenue Estimating Conference (REC) on October 9, 2014. The FY 2015 estimate is an increase of \$421.2 million (6.7%) compared to actual FY 2014 total net receipts (excludes transfers). The next REC meeting is scheduled for December 12.

FY 2015 Monthly Estimate Comparison - Dollars in Millions						
Most Recent REC Projected Growth for the Year, Excluding Transfers = 6.7%						
Year-to- Date Ending:	Year-to- Date FY 2014	Year-to- Date FY 2015	Dollar Change	% Change	Year-to-Date Change at REC Estimate for the Entire Year	Year-to-Date Above (Below) Estimated Change
July	\$378.2	\$406.6	\$28.4	7.5%	\$25.3	\$3.1
Aug	1,026.1	1,109.5	83.4	8.1%	68.6	14.8
Sept	1,579.2	1,665.4	86.2	5.5%	105.6	-19.4
Oct	2,024.0	2,108.9	84.9	4.2%	135.3	-50.4
Nov	2,647.9	2,719.9	72.0	2.7%	177.0	-105.0
Dec	3,115.9					
Jan	3,708.0					
Feb	4,191.8					
Mar	4,558.9					
Apr	4,954.0					
May	5,710.0					
Jun	6,293.5					
Year end	6,299.9					

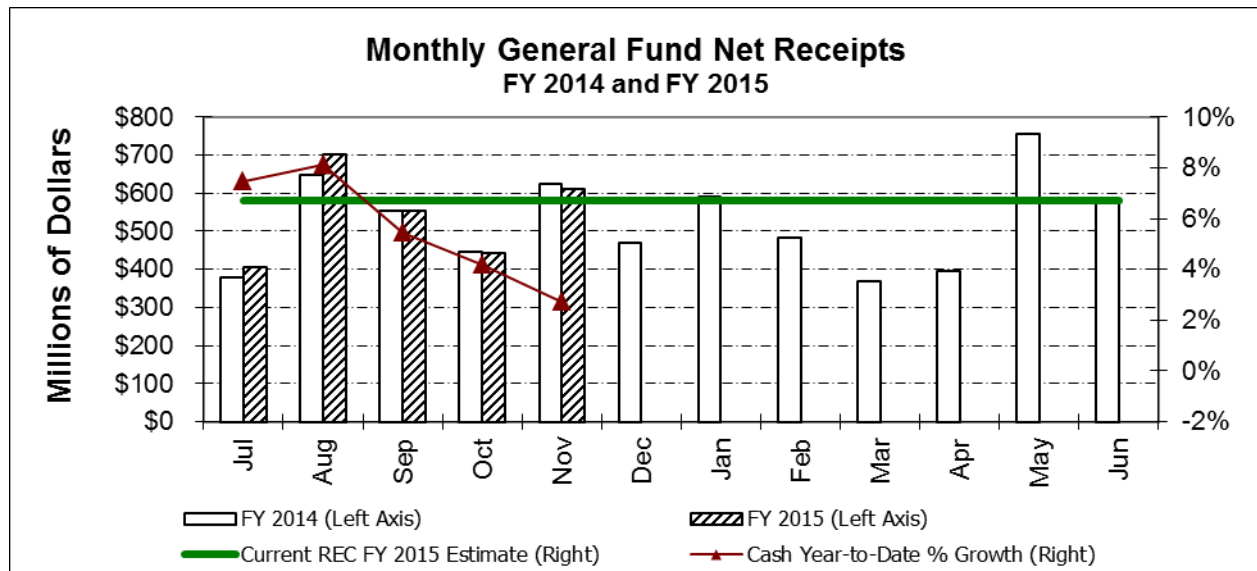
### Overview of Current Situation

Please note, due to the timing of Thanksgiving this year, the final accounting processing day for the month was November 26. Last year the final processing day was November 27. This calendar difference will push \$45.0 to \$55.0 million of November 2014 revenue into December. This issue makes monthly and year-to-date comparisons through November 30 difficult.

November 2014 net General Fund revenue was \$12.9 million (-2.1%) below the November 2013 revenue level. Year-to-date net tax receipts are \$72.0 million (2.7%) higher than FY 2014. Major

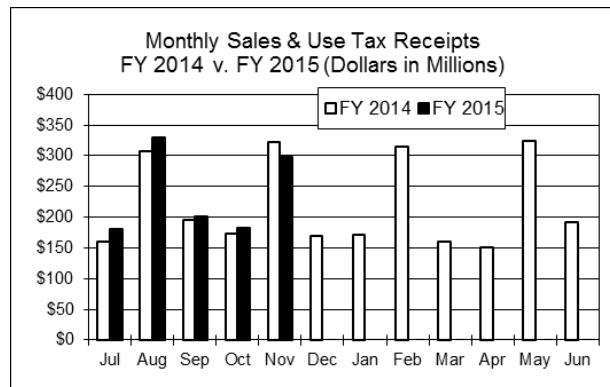
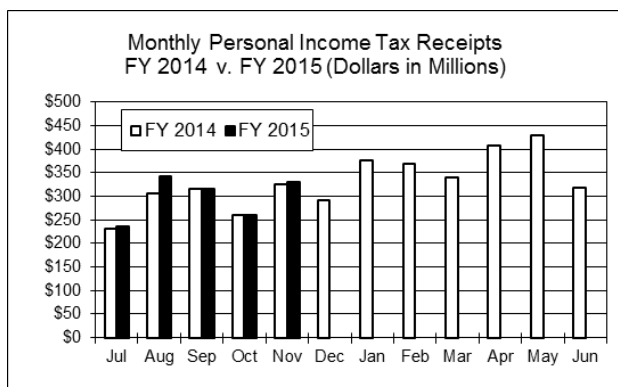
sources of tax revenue and their contribution to the FY 2014 change include:

- Personal income tax (positive \$43.9 million, 3.0%)
- Sales/use tax (positive \$30.4 million, 2.6%)
- Corporate tax (negative \$15.3 million, -7.8%)
- Other taxes (negative \$3.2 million, -2.8%)
- Other receipts (negative \$6.3 million, -5.7%)
- Tax refunds not including school infrastructure refunds (positive \$16.6 million)
- School infrastructure sales/use tax refunds (positive \$5.9 million)



**Personal Income Tax** revenue received in November totaled \$330.5 million, an increase of \$4.9 million (1.5%) compared to November 2013.

The FY 2015 REC income tax estimate of \$4.208 billion represents a projected increase of 5.9% compared to actual FY 2014. Through November, personal income tax receipts have increased \$43.9 million (3.0%). By subcategory, withholding payments increased \$63.4 million, estimate payments decreased \$11.9 million, and payments with returns decreased \$7.6 million. The following chart compares FY 2015 monthly income tax receipts from the three personal income tax subcategories with FY 2014.



**Sales/Use Tax** receipts received in November totaled \$297.7 million, a decrease of \$24.5 million (-7.6%) compared to November 2013.

The REC estimate for FY 2015 sales/use tax receipts is \$2.748 billion, an increase of 4.0% compared to actual FY 2014. Through November, gross sales/use tax receipts have increased \$30.4 million (2.6%). The preceding chart compares FY 2015 monthly sales/use tax receipts with FY 2014.

**Corporate Tax** receipts received in November totaled \$16.1 million, an increase of \$3.5 million (27.8%) compared to November 2013.

The REC estimate for FY 2015 corporate tax revenue is \$557.8 million, an increase of 1.5% compared to actual FY 2014. Through November, gross corporate tax revenue is down \$15.3 million (-7.8%).

**Other tax receipts** received in November totaled \$9.3 million, a decrease of \$0.3 million (-3.1%) compared to November 2013.

The REC estimate for FY 2015 other tax receipts is \$259.8 million, an increase of 1.4% compared to actual FY 2014. Through November, other tax receipts have decreased \$3.2 million (-2.8%).

**Other receipts** (non-tax receipts) received in November totaled \$22.5 million, a decrease of \$6.2 million (-21.6%) compared to November 2013.

The REC estimate for FY 2015 other receipts revenue is \$281.0 million, a decrease of 2.8% compared to actual FY 2014. Through November, other receipts have decreased \$6.3 million (-5.7%).

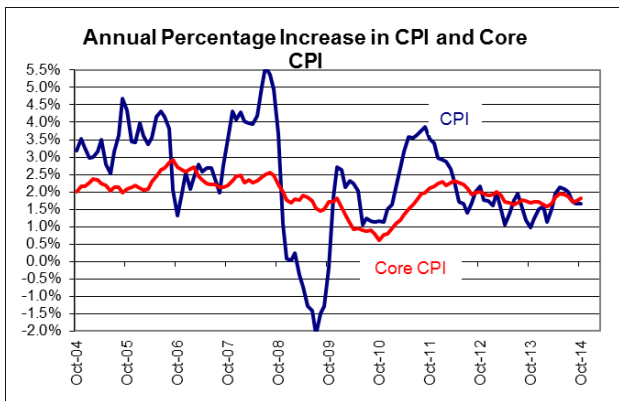
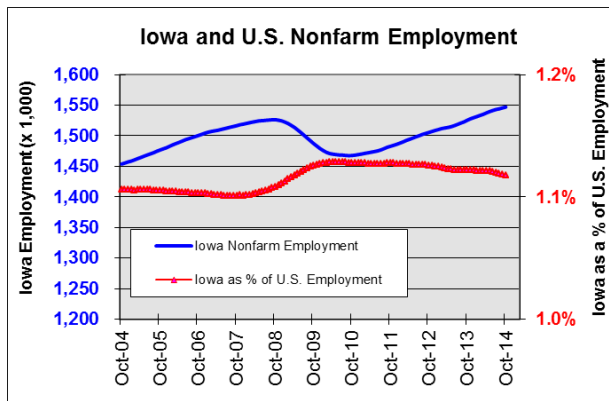
**Tax Refunds** issued in November totaled \$25.7 million, a decrease of \$12.3 million (-32.4%) compared to November 2013. In addition, school infrastructure refunds totaled \$39.6 million, an increase of \$2.9 million (7.9%) compared to November 2013.

### **Status of the Economy**

Iowa nonfarm employment was reported at 1,576,700 for the month of October 2014 (not seasonally adjusted), 15,900 (1.0%) higher than October 2013.

Iowa's 12-month average employment is presented as the blue line on the following graph. Iowa's average nonfarm employment peaked in October 2008 at 1,526,400, and was 47,700 above the peak prior to the previous recession (January 2001). The current 12-month average reading is now 1,546,900, resulting in an annual average Iowa nonfarm employment level 20,500 jobs above the October 2008 peak.

The employment chart also presents Iowa nonfarm employment as a percent of U.S. nonfarm employment. Iowa's share of U.S. nonfarm employment decreased noticeably from 1999 through 2002, decreased at a much slower pace from 2002 through 2007, and increased from January 2008 through June 2010. Iowa's percent of U.S. employment has declined as the percentage growth in U.S. employment has exceeded the percentage growth in Iowa employment since June 2010 and currently is at its lowest level since April 2009.



The Consumer Price Index (CPI-U) through October 2014 was 237.4 (1983/84=100). Consumer prices decreased 0.25% in October (not seasonally adjusted). The annual rate of inflation remained at 1.7%, similar to the September rate.

Core CPI, an inflation measure excluding food and energy expenditures, increased 0.24% in October and stood at 1.8% year-over-year. The annual rate of core inflation has been at or below 2.0% since July 2012. For the two components excluded from the core rate, energy prices are down 1.6% year-over-year while food prices were up 2.9%.

Information related to State General Fund receipts is available on the Fiscal Services Division website at: <https://www.legis.iowa.gov/publications/fiscal/dailyReceipts>.

GENERAL FUND RECEIPTS - FY 2014 vs. FY 2015 July 1 through November 30 (in millions of dollars) Dollars may not add due to rounding. Percentages calculated on rounded numbers.					ESTIMATED GENERAL FUND RECEIPTS (in millions of dollars) FY 14 Actual Compared to FY 15 REC Estimate		
	FY 2014	FY 2015	Year to Date % Change	November % Change	Actual FY 2014	Estimate FY 2015	Projected % Change
Personal Income Tax	\$ 1,441.0	\$ 1,484.9	3.0%	1.5%	\$ 3,974.8	\$ 4,208.1	5.9%
Sales/Use Tax	1,159.6	1,190.0	2.6%	-7.6%	2,642.3	2,747.6	4.0%
Corporate Income Tax	197.3	182.0	-7.8%	27.8%	549.6	557.8	1.5%
Inheritance Tax	39.9	39.1	-2.0%	-8.7%	91.0	99.2	9.0%
Insurance Premium Tax	48.9	51.9	6.1%	0.0%	105.5	104.8	-0.7%
Cigarette Tax	0.0	0.0	0.0%	0.0%	0.0	0.0	N.A.
Tobacco Tax	1.4	0.0	-100.0%	0.0%	1.4	0.0	-100.0%
Beer Tax	6.5	6.4	-1.5%	-8.3%	14.1	14.1	0.0%
Franchise Tax	16.2	12.2	-24.7%	0.0%	42.9	40.5	-5.6%
Miscellaneous Tax	0.3	0.4	33.3%	50.0%	1.2	1.2	0.0%
Total Gross Taxes	\$ 2,911.1	\$ 2,967.1	1.9%	-2.4%	\$ 7,422.8	\$ 7,773.3	4.7%
Institutional Payments	6.1	6.9	13.1%	-42.9%	12.8	11.0	-14.1%
Liquor Profits	44.2	44.8	1.4%	-19.2%	96.6	97.7	1.1%
Interest	1.2	1.1	-8.3%	-50.0%	3.4	3.4	0.0%
Fees	10.7	9.5	-11.2%	-69.2%	28.8	26.5	-8.0%
Judicial Revenue	35.4	33.1	-6.5%	-2.2%	104.0	104.0	0.0%
Miscellaneous Receipts	13.8	9.7	-29.7%	-45.0%	43.4	38.4	-11.5%
Racing and Gaming Receipts	0.0	0.0	0.0%	0.0%	0.0	0.0	N.A.
TOTAL GROSS RECEIPTS	\$ 3,022.6	\$ 3,072.1	1.6%	-3.2%	\$ 7,711.8	\$ 8,054.3	4.4%
Accrued Revenue-Net**					-16.2	44.7	
Tax Refunds *	-162.2	-145.6	-10.2%	-32.4%	-955.3	-926.0	-3.1%
School Infrast. Refunds *	-212.5	-206.6	-2.8%	7.9%	-440.4	-451.9	2.6%
TOTAL NET RECEIPTS	\$ 2,647.9	\$ 2,719.9	2.7%	-2.1%	\$ 6,299.9	\$ 6,721.1	6.7%
* For FY 2014 and FY 2015 Year-to-Date columns, refunds are presented on a cash basis. For FY 2014 Actual and FY 2015 Estimate, refunds are presented on a fiscal year basis.							